

SENATE TAXATION

EXHIBIT NO.

3

DATE

2.16.11

BILL NO.

SB 281

Facility	County	Mil Levy	Operational	Building	Liability Insurance	Total
Fallon Medical Complex	Fallon*	\$ 500,000.00	\$ 450,000.00			\$ 950,000.00
Colstrip Medical Center**			\$ 550,000.00	500,000		\$ 1,050,000.00
Fort Benton**		\$ 200,000.00	\$ 200,000.00			\$ 400,000.00
Dahl Memorial	Carter*	\$ 240,000.00		\$ 40,000.00	\$ 58,000.00	\$ 338,000.00
Scobey	Daniels**	\$ 260,000.00				\$ 260,000.00
Garfield County H.C.	Garfield*	\$ 216,000.00				\$ 216,000.00
Prairie Community H.C.	Prairie**	\$ 150,000.00				\$ 150,000.00
Teton Nursing Home	Teton*	\$ 130,000.00				\$ 130,000.00
Roundup*	Musselshell	\$ 193,620.00				\$ 193,620.00
Powder River Manor	Powder River	\$ 70,000.00				\$ 70,000.00
Teton Medical Center	Teton	\$ 65,000.00				\$ 65,000.00
Harlowton	Wheatland*		\$ 55,000.00			\$ 55,000.00
McCone County H.C.	McCone*	\$ 100,000.00				\$ 100,000.00
Hardin Hospital*	Big Horn*		\$ 30,000.00			\$ 30,000.00
Hardin Nursing Home*			\$ 30,000.00			\$ 30,000.00
Rosebud Health Care*	Rosebud*		\$ 170,000.00	\$ 200,000.00		\$ 370,000.00
Phillipsburg	Granite Co	\$ 350,000.00				\$ 350,000.00
Chester	Liberty Co	\$ 400,000.00				\$ 400,000.00
Big Timber	Sweetgrass	\$ 450,000.00				\$ 450,000.00
Sheridan	Ruby Valley	\$ 275,000.00				\$ 275,000.00
Culbertson	Roosevelt	\$ 124,200.00				\$ 124,200.00
* = County Owned Building						
**= Hospital District						
***= Construction loan pmt						
Bold type indicates B.C. Managed						
Average						\$ 286,039.05

REC'D MAR 11 2009

Rosebud County Attorney

County Courthouse
Post Office Box 69
Forsyth, Montana 59327-0069

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mhayworth@rosebudcountymt.com

March 11, 2009

Rosebud County Commissioners
Rosebud County Courthouse
Forsyth, Montana 59327

Dear Commissioners:

I write to provide a written opinion following Monday's inquiry whereby you asked if the County can have a general levy for county-wide taxation to fund the Rosebud Health Care Center and/or Nursing Home.

As we had previously discussed, Montana statute authorizes the County to levy a "County Tax Levy for Health Care Facilities." Section 7-6-2501, 7-6-2512, M.C.A.

However, the express language of the "County Tax Levy for Health Care Facilities" statute limits that:

If a hospital district is created under Title 7, chapter 34, part 21, the mill levy authorized by this section may not be imposed on property within that hospital district.
Section 7-6-2512(1), M.C.A.

Section 7-6-2512 authorizes the County to levy to support the Rosebud Health Care Center. However, based on the express language of the statute, the 7-6-2512 levy cannot be assessed on property within the existing Colstrip Medical District Hospital District.

In light of this limitation, you ask if a general authority levy (not a levy based on Section 7-6-2512) can be put in place to benefit the RHCC facility (a levy not subject to the restriction set forth in Section 7-6-2512, M.C.A.)?

R

In answer to your question, a county has general authority to impose a levy for public or governmental purposes. Section 7-6-2527, M.C.A. A county's general levy authority includes the general language and 25 specific authorized spending categories:

Taxation -- public and governmental purposes. A county may impose a property tax levy for any public or governmental purpose not specifically prohibited by law. Public and governmental purposes include but are not limited to:

- (2) county-owned or county-operated health care facility purposes as provided in 7-6-2512;

Section 7-6-2527, M.C.A.

Item (2) of the 25 specifically authorized spending categories is the Levy for Health Care Facilities which was established in Section 7-6-2512, M.C.A.

You ask if the clause "public and governmental purposes include but are not limited to" would allow the imposition of a general authority levy (not a levy based on Section 7-6-2512) to be in place to benefit the RHCC facility without the existing hospital district exclusion/limitation.

There is an axiom in law which states: where there exists a conflict between the 'specific rule' and the 'general rule,' then the 'specific rule' trumps the 'general rule'.

Here, although the 'general rule' supports general levy authority to support a health care facility, the 'specific rule' (Section 7-6-2512, with accompanying limitation) trumps the 'general rule.'

I believe the 'general' (county-wide) levy authority is trumped by the specific authority (and the accompanying specific limitation) set forth in Section 7-6-2512, M.C.A.

There can be no creative application of tax law. "Before a governing body may impose a tax, it must have clear and specific authority providing for the imposition of that tax. *Burlington Northern v. Flathead County*, 176 Mont. 9, 575 P.2d 912 (1978)." 1984 Mont. AG 34. In this context the 'clear and specific' levy authority is Section 7-6-2512, not general levy authority.

Further, "Tax statutes are strictly construed against the taxing authorities and in favor of the taxpayer. *Id.*" 1984 Mont. AG 34. Where there is ambiguity in the tax code, the ambiguity will be resolved in favor of the taxpayer -- not the taxing authority.

Given the existence of statutory levy authority specific to health care facilities;
And given that the specific levy authority also includes a limitation on assessment
of property inside a hospital district;
And given that where there is a conflict, the 'specific rule' trumps the 'general rule';
And given that tax statutes are strictly construed against the taxing authorities and
in favor of the taxpayer;

✓ It is my opinion that employing the "include but are not limited to" language to
authorize a general authority levy (a levy not based on Section 7-6-2512) in order to skirt
the restriction set forth in Section 7-6-2512, M.C.A., is a tenuous position vulnerable to
legal challenge.

Pursuing a levy "include but are not limited to" levy to support the Rosebud Health
Care Center is not the stable and legally defensible funding source that is needed to
support the long-term continued operation of the facility.

Please contact me with any question or concern.

Sincerely,



Michael B. Hayworth
Rosebud County Attorney

Montana Code Annotated - 2008

[Previous Section](#) [MCA Contents](#) [Part Contents](#) [Search](#) [Help](#) [Next Section](#)

7-6-2512. County tax levy for health care facilities. (1) Subject to 15-10-420, the board of county commissioners may, annually at the time of levying county taxes, fix and levy a tax upon all property within the county to erect, furnish, equip, expand, improve, maintain, and operate county-owned or county-operated health care facilities created under 7-8-2102, 7-34-2201, and 7-34-2502. "Health care facilities" as used in this section has the meaning as defined in 7-34-2201. If a hospital district is created under Title 7, chapter 34, part 21, the mill levy authorized by this section may not be imposed on property within that hospital district.

(2) If a county issues bonds under 7-34-2411 to finance or refinance the costs of a health care facility, the board of county commissioners may covenant to levy the tax authorized by this section during the term of the bonds, to the extent necessary, and to apply the collections of the tax to the costs of erecting, furnishing, equipping, expanding, improving, maintaining, and operating the health care facility or facilities of the county or the payment of principal of or interest on the bonds. The pledge of the taxes to the payment of the bonds may not cause the bonds to be considered indebtedness of the county for the purpose of any statutory limitation or restriction. The pledge may be made by the board only upon authorization of a majority of the electors of the county voting on the pledge at a general or special election as provided in 7-34-2414.

History: En. Sec. 1, Ch. 625, L. 1983; amd. Sec. 2, Ch. 561, L. 1993; amd. Sec. 1, Ch. 520, L. 1995; amd. Sec. 17, Ch. 584, L. 1999; amd. Sec. 4, Ch. 495, L. 2001; amd. Sec. 1, Ch. 571, L. 2001; amd. Sec. 25, Ch. 574, L. 2001.

Provided by Montana Legislative Services

Montana Code Annotated - 2007

[Previous Section](#) [MCA Contents](#) [Part Contents](#) [Search](#) [Help](#) [Next Section](#)

7-6-2527. Taxation -- public and governmental purposes. A county may impose a property tax levy for any public or governmental purpose not specifically prohibited by law. Public and governmental purposes include but are not limited to:

- (1) district court purposes as provided in 7-6-2511;
- (2) county-owned or county-operated health care facility purposes as provided in 7-6-2512;
- (3) county law enforcement services and maintenance of county detention center purposes as provided in 7-6-2513 and search and rescue units as provided in 7-32-235;
- (4) multijurisdictional service purposes as provided in 7-11-1106;
- (5) transportation services for senior citizens and persons with disabilities as provided in 7-14-111;
- (6) support for a port authority as provided in 7-14-1132;
- (7) county road, bridge, and ferry purposes as provided in 7-14-2101, 7-14-2501, 7-14-2502, 7-14-2503, 7-14-2801, and 7-14-2807;
- (8) recreational, educational, and other activities of the elderly as provided in 7-16-101;
- (9) purposes of county fair activities, parks, cultural facilities, and any county-owned civic center, youth center, recreation center, or recreational complex as provided in 7-16-2102, 7-16-2109, and 7-21-3410;
- (10) programs for the operation of licensed day-care centers and homes as provided in 7-16-2108 and 7-16-4114;
- (11) support for a museum, facility for the arts and the humanities, collection of exhibits, or a museum district as provided in 7-16-2205;
- (12) extension work in agriculture and home economics as provided in 7-21-3203;
- (13) weed control and management purposes as provided in 7-22-2142;
- (14) insect control programs as provided in 7-22-2306;
- (15) fire control as provided in 7-33-2209;
- (16) ambulance service as provided in 7-34-102;
- (17) public health purposes as provided in 50-2-111 and 50-2-114;
- (18) public assistance purposes as provided in 53-3-115;
- (19) indigent assistance purposes as provided in 53-3-116;
- (20) developmental disabilities facilities as provided in 53-20-208;
- (21) mental health services as provided in 53-21-1010;
- (22) airport purposes as provided in 67-10-402 and 67-11-302;
- (23) purebred livestock shows and sales as provided in 81-8-504;
- (24) economic development purposes as provided in 90-5-112; and
- (25) prevention programs, including programs that reduce substance abuse.

History: En. Sec. 7, Ch. 453, L. 2005; amd. Sec. 3, Ch. 317, L. 2005; amd. Sec. 10, Ch. 505, L. 2007.

Provided by Montana Legislative Services



8 of 86 DOCUMENTS

OFFICE OF THE ATTORNEY GENERAL OF THE STATE OF MONTANA

OPINION No. 49

1984 Mont. AG LEXIS 34; 40 Op. Atty Gen. Mont. No. 49

April 25, 1984

SYLLABUS:

[*1]

COUNTY GOVERNMENT - County park board funding and administration of finances; PARKS - Funding from county general fund; PARKS - Separation of restricted and unrestricted county park revenues; PUBLIC FUNDS - Interest credited to county general funds; PUBLIC FUNDS - Separation of restricted and unrestricted county park revenues; TAXATION AND REVENUE - Authority of levy special tax for county park fund; MONTANA CODE ANNOTATED - Sections 7-6-204, 7-6-2311 to 7-6-2321, 7-6-2501, 7-6-2511, 7-6-2512, 7-16-2102, 7-16-2108, 7-16-2205, 7-16-2301, 7-16-2302, 7-16-2321, 7-16-2324, 7-16-2327, 7-16-2328, 7-16-2329, 76-3-606.

HELD: 1. A county park board does not have the authority to levy a special tax for park purposes.

2. The funding for the county park board's obligations is derived from the county general fund as well as from other specific sources as enumerated by sections 7-16-2328, 7-16-2324 and 76-3-606, MCA.

3. Revenues from sale of lands and cash donations are restricted in use and should be separated from unrestricted revenues within the park fund through acceptable accounting procedures.

4. Interest earned from the deposit or investment of the park fund must be credited to [*2] the county general fund.

REQUESTBY:

Harold F. Hanser, Esq.
Yellowstone County Attorney
Yellowstone County Courthouse
Billings MT 59101

OPINIONBY:

MIKE GREELY, Attorney General

OPINION:

You have requested my opinion on several questions relating to the funding and management of finances of county park boards, as follows:

1. Is a county park board, formed pursuant to Title 7, chapter 16, part 23, MCA, limited in its spending authority to the proceeds arising from "the sale of hay, trees, or plants or from the use of or leasing of lands and facilities," or may such board submit an annual budget request in excess of such nontax revenues, funding the excess with a special ad valorem tax mill levy? If a mill levy is authorized, is there any limit to the number of mills which may be levied for park purposes?

2. Are the general fund and park board fund methods of funding county park operations mutually exclusive, or may they be utilized in combination?

3. In order to effectively administer the mandates of sections 76-3-606(2) and 7-16-2324(4), MCA, may either a board of county commissioners or a county park board create a separate fund apart from the park board operating fund,

to account for revenues whose use [*3] is restricted to "the purchase of additional lands or for the initial development of parks and playgrounds"?

4. Assuming that the restricted cash in lieu of dedication and land sale revenue can be invested, must the interest earned be used only for the purchase or initial development of parks, or could the interest be used to fund the park board's operations?

A county park board created pursuant to Title 7, chapter 16, part 23, MCA, is a department of county government with powers specifically provided by statute. § 7-16-2301, MCA. The park board consists of the county commissioners and six other persons. § 7-16-2302, MCA. The park board is authorized to pay all obligations arising from the performance of its statutory duties and may also incur an indebtedness on behalf of the county. §§ 7-16-2321, 7-16-2327, MCA.

You wish to know whether the county park board is authorized to levy a separate tax to finance its obligations. The relevant statutes provide:

All money raised by tax for park purposes or received by the board of park commissioners from the sale of hay, trees, or plants or from the use of or leasing of lands and facilities shall be paid into the county treasury. [*4] The county treasurer shall keep all such money in a separate fund to be known as the park fund. [§ 7-16-2328, MCA.]

The board of park commissioners shall have no power to incur liability on behalf of the county in excess of money on hand in or taxes actually levied for said park fund. [§ 7-16-2329, MCA.]

(Emphasis added.)

Before a governing body may impose a tax, it must have clear and specific authority providing for the imposition of that tax. *Burlington Northern v. Flathead County*, 176 Mont. 9, 575 P.2d 912 (1978). Tax statutes are strictly construed against the taxing authorities and in favor of the taxpayer. Id. Usually the Legislature expressly and specifically gives authority for special tax levies and sets specific mill limits on such special taxes. See, e.g., §§ 7-6-2511, 7-6-2512, 7-16-2102, 7-16-2108, 7-16-2205, MCA. While the Legislature need not use the words "authorized to levy a tax," it must do more than merely refer to a special fund. *Burlington Northern v. Flathead County*, *supra*. In *Burlington Northern*, the Montana Supreme Court held that a special tax was authorized by statutes which directed the county superintendent to determine the retirement fund levy [*5] requirement and to "fix and set" the retirement fund levy. The park board law does not meet the degree of specificity required by Montana law to authorize the imposition of a separate tax. The statutes in question merely allow the county treasurer to establish a separate fund for park purposes.

While a separate tax for park purposes has not been authorized by the Legislature, it is clear that the Legislature did not intend to limit the park fund to the money raised by sale of hay, trees or plants or by lease of lands and facilities. Such a construction would render meaningless the references in sections 7-16-2328 to 2329, MCA, to moneys raised by tax for park purposes. It is presumed that the Legislature does not pass meaningless legislation, and statutes relating to the same subject are to be harmonized, giving effect to each. *Crist v. Segna*, 38 St. Rptr. 150, 622 P.2d 1028 (1981). The park board law must be read together with the county budget law, Title 7, chapter 6, part 23, MCA. As a department of county government, the county park board must file estimates of probable revenues from sources other than taxation and of all expenditures required for the next fiscal year. [*6] § 7-6-2311, MCA. Based upon this information from all departments, the county commissioners prepare the budget, determine the amount to be raised by tax for each fund, and fix the general tax levy. §§ 7-6-2311 to 2321, MCA. Since a specific separate tax levy is not authorized for the park fund, additional money must be appropriated from the county general fund authorized by section 7-6-2501, MCA, if the revenue from sources other than taxation is insufficient to meet the necessary expenditures.

Your third and fourth questions concern the administration of certain restricted revenues raised from sale of park lands and from cash donations in lieu of dedication of land for park purposes pursuant to sections 7-16-2324 and 76-3-606, MCA. Revenues from these sources are restricted in use to the sole purpose of the purchase of additional lands or the initial development of parks and playgrounds. §§ 7-16-2324(4) and 76-3-606(2), MCA. While these revenues are a part of the park fund, they should be separated from unrestricted park fund revenues, either through separate bank accounts or through acceptable accounting procedures, so that the restricted revenues are used solely for the authorized [*7] purpose. The interest earned from the deposit or investment of the restricted and unrestricted portions of the park fund must be credited to the general county fund in accordance with section 7-6-204(1), MCA.

THEREFORE, IT IS MY OPINION:

1. A county park board does not have the authority to levy a special tax for park purposes.

2. The funding for the county park board's obligations is derived from the county general fund as well as from other specific sources as enumerated by *sections 7-16-2328, 7-16-2324 and 76-3-606, MCA*.

3. Revenues from sale of lands and cash donations are restricted in use and should be separated from unrestricted revenues within the park fund through acceptable accounting procedures.

4. Interest earned from the deposit or investment of the park fund must be credited to the county general fund.

Legal Topics:

For related research and practice materials, see the following legal topics:

GovernmentsLocal GovernmentsAdministrative BoardsGovernmentsLocal GovernmentsFinanceGovernmentsPublic
LandsState Parks



ROSEBUD HEALTH CARE CENTER CLINIC

William C. Anderson, MD

Brady Ruff, PA-C

Laura Wetherelt, NP-C

281 NORTH 17TH AVENUE / P.O. BOX 410

FORSYTH, MONTANA 59327-0410

406-346-2916

800-439-2916

fax 406-346-7478

January 10, 2011

To whom it may concern:

I am writing concerning the medical system in Rosebud County. I have practiced here for the last 28 years at the Forsyth clinic. Much of this time was as an individual practitioner with a private practice and in the last several years as an employee of Rosebud Health Care Center. We provide 24-hour availability of emergency room services as well as inpatient services in our small hospital. We serve a large area of predominantly elderly population. For many of these years, we have just held on with perseverance and sacrifice on the part of a number of people. The Critical Access Hospital system has allowed us to continue to exist, but has not allowed us to aggressively pursue improving our facility and our capabilities. For much of my time here, we have been simply trying to survive from day to day.

I am therefore writing in support of a county-wide levy to aid in support of the hospital operations. The vast majority of small hospitals in our state have such a levy. We do not. The fact that we have survived all these years without one is a testament to the sacrifice and hard work of our staff, but in this environment it is not something that we can count on perpetuating. I would like to retire someday and have my shoes filled by a capable provider attracted to a modern, progressive facility. In order to do this, we need the ongoing support that a mill levy would provide.

If you have any questions that you would like to direct to me, I would be more than glad to entertain them.

Sincerely,

William C. Anderson, MD

WCA/sc

February 2, 2011

The Honorable Senator Brown
Northern Broadcasting System, Inc
P.O. Box 1742
Billings, MT 59103

At the request of Ryan Tooke, CEO at Rosebud Health Care Center (Rosebud) in Forsyth, Montana, we support the County's ability to assess additional taxes to support the County nursing home services.

This past year our office worked with dozens of combined (hospital/nursing home) facilities in Montana and many other states. The vast majority of them have one thing in common, they are required to heavily subsidize the nursing home operations because the state Medicaid payments are inadequate to cover the cost of providing the care. In many of these communities nursing home care ranks very high on the list of needed services by the community. The only services that may be ranked higher is emergency services.

At this time Rosebud along with many of the other combined facilities are using most of their tax/community support to maintain nursing home care and have no funds available to support other hospital, clinic, and emergency room services. Faced with a choice, these communities are either required to reduce and/or eliminate services or find additional funding. Since additional State Medicaid funding is doubtful, Rosebud is asking you to support its efforts to allow the County residents to provide additional financial support to keep the nursing home open and maintain other healthcare services at the current level. This is a choice that the community should be able to make without approval from Helena or Washington DC.

The following information has already been provided by Rosebud and I believe it is worth repeating.

Rosebud County's medical needs are met by one hospital, one long term care center, both located in Forsyth (Rosebud Health Care Center), 4 outpatient clinics and

Emergency Departments located in Forsyth, Colstrip (Colstrip Medical Center), Lame Deer (Indian Health Services), and Ashland (Ashland Clinic).

Colstrip Medical Center is the only facility within the Colstrip Medical District and receives the only Tax Payer voted county subsidy. Colstrip Medical Center provides quality outpatient services to their community through the use of their Emergency Department as well as their Outpatient Clinic. Colstrip Medical Center does not provide long term care or inpatient hospitalization to the residence of the Colstrip Medical District leaving a void in that service to be met by Rosebud Health Care Center or other surrounding hospitals and long term care facilities.

Rosebud Health Care Center's Long Term Care facility, like several rural long term care facilities throughout the state, provides care costing more than what is received in payment. Typically, this is not a wise business practice, however it is expected of us in order to meet the need of our aging and deserving population. On average, the monthly deficit ranges between \$35,000 and \$50,000 depending on the census. To say the least it is very difficult to sustain operational requirements with that large of a variance between profit and loss.

To close the operational gap, several counties in Montana have established county wide tax subsidies, for their facility to maintain financial stability. Rosebud County has the same opportunity but is unable to include the entire county assets. These assets include the power company PPL which is located within the boundaries of the Colstrip Medical District. Conservatively calculating, the value of one mill County wide is approximately \$95,327.00, with the exclusion of PPL this value drops to approximately \$21,878.00. These values are important because the number of mills needed is depended upon the amount per mill. If Rosebud County was to vote on a subsidy for our Long Term Care, that included the tax value from PPL the number of mills and the tax implication per tax payer would be consider less than if the tax value of PPL was excluded in this vote. In layman's terms it would require 4.36 mills not including PPL for every 1 mill that would include PPL to generate a subsidy that would offset the losses incurred by the Long Term Care Facility.

Rosebud Health Care Center has been fortunate in the fact that the County Commissioners have seen the need for financial assistance and have provided monthly support for the utilities, capital purchases of energy efficient chillers, boilers, and lighting, as well as matching our facilities portion of the Intergovernmental Transfer (IGT). The money the commissioners is using, does not have any future guarantee of being available and leaves Rosebud Health Care Center in continual limbo of the amount of funding we will receive in the fiscal year.

The purpose of the proposed change to MCA7-6-2512 is to allow county wide taxation for health care services not duplicated within two facilities of the county. This will protect the current subsidy Colstrip Medical Center is currently receiving while allowing Rosebud Health Care Center to have the opportunity to possibly receive the much needed tax subsidy for its operations in the Long Term Care Facility.

We ask that you consider sponsoring a bill that would include the change to the law MCA 7-6-2512. If you have any questions or require additional information, please contact me at 509.489.4524.

Sincerely,

Wipfli LLP

A handwritten signature in black ink, reading "Michael R. Bell". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "Bell".

Michael R., Bell, Partner

cc: Ryan Tooke, CEO



Dahl Memorial Healthcare Association

P.O. Box 46, Ekalaka, MT 59324, Tel: (406) 775-8739

"Professional Healthcare with Western Hospitality"

February 1, 2011

Senator Brown,

I am writing to offer support to Rosebud Health Care Center's efforts to obtain additional financial support for the operation of their facility. As a healthcare facility providing services to a frontier community in remote Montana, Dahl Memorial experiences many of the same issues and barriers to providing services. Typically, the most critical factor to maintaining stability and continued viability is the struggles associated with providing care without adequate funding to cover costs.

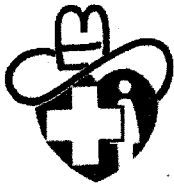
Dahl Memorial Healthcare Association, Inc. has been providing the following healthcare services to citizens of Carter County for over 50 years: emergency care, inpatient hospital care, long term and skilled nursing care, and outpatient hospital and clinic services. Over the years a person can easily identify one resounding theme our facility has struggled with regardless of the number of patients served or the amount of turnover in leadership and medical providers . . . financial hardship.

Over two decades ago, the Board of Directors for Dahl Memorial took the issue to the Board of County Commissioners. They researched the issue and spent many hours in meetings discussing the need to request taxpayer support for the operations of the facility. In all their research and compilation of data, they kept coming back to the inevitable conclusion that the facility could not profit and ultimately survive on operational revenues alone. It would require local taxpayer support in the form of a mill levy. The Commissioners approved the resolution, and the taxpayers voted to support the facility with a mill levy. That levy vote continues to go to the taxpayers for approval every two years with the most recent approval in 2010.

The total amount of the operational levy has varied over the years but typically accounts for approximately 10-13% of the total operational budget. Because of the support taxpayers have given to the facility, Dahl Memorial tries to return the favor by going the extra mile to allow constituents to obtain a broad array of healthcare services locally. Additionally, Dahl Memorial takes great pride in its efforts to keep charges as low as possible. The facility recognizes that many people in agriculture often have less insurance coverage than is typical of those working for other employers. Therefore, the facility only negotiates insurance contracts that will ensure equal treatment of all members of the community regardless of insurance benefits.

Dahl Memorial has a long standing, positive relationship with our taxpayers and our Board of County Commissioners. The facility that houses the organization is owned by the county and leased back to the healthcare organization for a minimal annual lease. The facility also works closely with the county to oversee the operation of the

Our mission is to improve the lives and health of our community through comprehensive services provided in a professional and dedicated atmosphere of compassion.



Dahl Memorial Healthcare Association

P.O. Box 46, Ekalaka, MT 59324, Tel: (406) 775-8739

"Professional Healthcare with Western Hospitality"

local ambulance service and the Public Health program. The county budget includes funding for the upkeep and repairs of the facility and the ambulance vehicles. This budget also includes funding to support property and liability insurances. Finally, the county also provides local match money for the Intergovernmental Transfer (IGT) program.

All together, the Board of County Commissioners provides a total of approximately 15-18% of Dahl Memorial's annual funding through the operational and building levies. A majority of that is in the form of the special operations levy voted on every two years in a countywide election. Assets included in the calculation of mills necessary to cover the funding include all assets from every jurisdiction within Carter County. Without the inclusion of all assets in Carter County, this particular mill levy may have never passed or would have placed tremendous burden on those who did pay the additional taxes.

While Dahl Memorial still struggles because patient revenues don't cover the cost of providing care, at least our local citizens support our operations to keep the doors open. Without the support of the county in general and the operations levy in particular, Dahl Memorial's doors may have closed many years ago. With the support of our operations levy, Dahl Memorial has an average annual profit for the last 10 years of only \$68,600. Even in the best financial years, the facility would not have experienced a net profit without the funding received from the county.

Dahl Memorial is truly grateful for the support we receive from our taxpayers and our Board of Commissioners. We understand the importance of the positive relationship we have with our community. Most of all, we recognize that without the support we receive we would not be here to support our community in return.

Thank you for your time and consideration in assisting Montana communities with their healthcare needs. Montana is a sparsely populated state with limited healthcare resources. We must all work together to meet all the healthcare needs of Montanans.

Sincerely,


Nadine L. Elmore, CEO

Our mission is to improve the lives and health of our community through comprehensive services provided in a professional and dedicated atmosphere of compassion.

fmc



"Friends Healing Friends"

**PO Box 820
202 South 4th Street West
Baker, Montana 59313-0820
(406) 778-3331**

FALLON MEDICAL COMPLEX

January 11, 2011

Senator Taylor Brown
P.O. Box 200500
Helena, MT 59620-0500

Dear Senator Brown:

Ryan Tooke from Rosebud Health Care Center (RHCC) in Forsyth asked me to describe the inherent value of mill levy funds to this facility. RHCC is very similar to Fallon Medical Complex (FMC), both in size and scope of services. Our communities and service areas are similar, in that we are both sole community providers and there is not a lot of opportunity for capturing additional market share; we are in captive markets with limited growth potential.

Yet, we are critical to our communities; it is important that we keep the doors open. And, we are expected to keep the cost of care affordable. We are not able to charge what we need to charge in order to maintain a positive margin. And even if we could charge more, we are subject to payment limitations imposed by our largest payers, Medicare and Medicaid. As a result, we post annual operating losses of a half million dollars or more.

Most business would fold, given this level of annual losses. From an accounting standpoint, part of this loss is depreciation, which is simply a book entry and not an actual cash outlay (although we are not able to tuck away funds for future repairs and replacements). But the rest of the loss is a true cash deficit.

One way to buffer those losses is with mill levy funds. FMC has been fortunate enough to receive permanent mill levy funds from the Fallon County taxpayers since 1999 to use as an operating subsidy. While this isn't enough to fully cushion our operating loss, we are able to keep the paper loss to less than our annual depreciation, helping us maintain somewhat of a positive cash flow. Nonetheless, even with the operating subsidy, we still lose about \$300,000 each year on average.

FMC is also fortunate enough to receive separate mill levy funds for physical improvements to the facility. Fallon Medical Complex (FMC) is operated by a non-profit charitable organization, but Fallon County retains ownership of all assets. FMC is expected to operate substantially on its own, paying for routine operating expenses, such as wages, supplies, utilities, insurance, etc, out of the revenue it generates on its own. However, providing healthcare to a small rural county does not return any profits after paying for its day-to-day operations.

Larger facilities with more robust margins can "fund" their depreciation by tucking away the full amount that they claim each year. So when an asset reaches the end of its useful life, the facility has the money to make the necessary upgrade. Small facilities such as RHCC and FMC do not enjoy such a luxury. We have not been, and perhaps never will be, able to sock away money for future facility improvements.

Our physical improvement mill levy fills that void, so that we could make necessary upgrades and improvements to the county's healthcare assets. During the past six years, nearly every department at FMC has been graced with improvements provided by mill levy money. In some cases, it was a major remodel of a specific department, such as the relocation of the hospital emergency room to provide greater patient privacy. In other cases, it affected the entire facility, such as the replacement of our failing master fire alarm system.

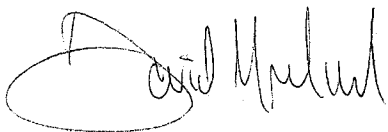
Virtually every small medical facility in Montana is in dire need of asset replacements or upgrades. Some communities have chosen to build a new facility through the grace of a generous benefactor. But most can only whittle away on their failing facilities, most often when there is no other choice. Then, they must borrow the money, which places a financial burden on an already struggling facility.

For most of us, it is not an issue of getting the cash to make the improvements; access to capital is not the problem. The problem is servicing the debt. We simply do not have the cash flow to make the required payments. The magic of mill levy funds is that they do not need to be repaid. Rather, the local taxpayers are investing in their health care facility, which pays dividends in better care when they need it.

In my opinion, I don't understand how small rural Montana facilities can operate without some form of subsidy. Many seem to make it from year to year operationally, but they are forced to defer much-needed maintenance and improvements indefinitely. Without incremental care being given to the facility, it will eventually fall into disrepair and will need a greater infusion of money to keep it functional. Mill levy money provides the funds for this incremental care.

It is my hope that you are emphatic towards the plight of Montana's small rural healthcare facilities. We simply want to be good stewards of the assets entrusted to us and provide the best possible care to our patients and residents. Accordingly, mill levy funds are an essential means to the success of that mission.

Sincerely,

A handwritten signature in dark ink, appearing to read "David E. Espeland". The signature is fluid and cursive, with a large loop at the beginning and a trailing flourish at the end.

David E Espeland, CEO

GRANITE COUNTY HOSPITAL DISTRICT

Hospital District Board of Trustees: Bill Dirkes, Carl Sundstrom, Jim Waldbillig, Tom Hood, Michael Black

GRANITE COUNTY MEDICAL CENTER

310 South Sansome
Philipsburg, Montana 59858
Phone: 406-859-3271
Fax: 406-859-3011



MARGO BOWERS HEALTH CLINIC

26 East Broad Street
Drummond, Montana, 59832
Phone: 406-288-3627
Fax: 406-288-3541

December 28, 2010

Senator Taylor Brown
Northern Broadcasting System, Inc
P.O. Box 1742
Billings, MT 59103
ph: (406) 252-6661
fax: (406) 245-9755
taylor@northernbroadcasting.com

Cc: Ryan Tooke, CEO, Rosebud Medical Center

Dear Senator Brown,

I am writing in support of changing the language of MCA 7-6-2512, "County tax levy for health care facilities" to allow for financial support of non-duplicated health care services within a County that contains a Hospital District.

The Granite County Hospital District is the newest such district in Montana. The tax payers of Granite County voted in favor of creating a Hospital District in November of 2008. The district became effective July 1, 2009. In the case of Granite County, the district boundaries are the same as the County boundaries. There is only one provider of health care services in Granite County, formerly the Granite County Medical Center and now referred to as the Granite County Hospital District. The Granite County Hospital District operates a critical access hospital and rural health clinic in the southern portion of the County and a second rural health clinic in the northern portion of the County. The Hospital District receives approximately \$350,000 in mill levy support annually.

The Granite County Hospital District is similar to all small, frontier health facilities in Montana. We operate in a sparsely populated community. There are not enough people living in our area to create enough patient visits to cover the costs of operation. Yet, without access to health care, our community would surely become another one of the ghost towns we are surrounded by. The Granite County Hospital District operates on a negative 3% operating margin. That is, the revenue collected from patient visits and services is 3% less than the minimum costs to provide those services. The mill levy we receive from tax payers is our life line to keeping the hospital open. Fortunately for Granite County, the Hospital District boundaries are the same as the County boundaries and therefore all tax payers contribute equally to the preservation of local health care services.

The situation in Forsyth is the same, but different. The Rosebud Medical Center also faces negative operating margins for the same reason that Granite County and most all other frontier facilities do. The population density does not provide enough patients to pay for the cost of delivering services. In order to sustain access to local health care and a viable rural community, tax payers living in these small communities must provide additional funding. I see this as similar to paying taxes to support other necessary infrastructure needs such as roads, police protection and schools.

However, Rosebud Medical Center is caught between a rock and a hard place. Because of the current language in MCA 7-6-2512 the Commissioners are not able to levy a tax that would generate sufficient funds to support the medical center. MCA 7-6-2512 exempts the tax payers living within the boundaries of the existing Hospital District in Colstrip. The tax payers within the Colstrip Hospital District are paying taxes to support a health clinic. Their taxes do not support the local access to long term care, hospital and emergencies services that exist in Forsyth even though they may use those services at any time without restriction.

The change in the language of MCA 7-6-2512 that is being requested would allow the Commissioners of any County containing a hospital district, to level a tax (subject to 15-10-420) in support of preserving access to unduplicated health care services within the County regardless of the hospital district boundaries and any existing mills already levied to support specific services within said District.

If the Hospital District in Colstrip and the health care facilities in Forsyth provided the same level of service in each location, this subject would be mute. Taxpayers would have equal access to the same services whether they were located within a hospital district or not. It is the fact that the services provided in Forsyth are necessary to the health and well being of ALL the County residents but under current law, one facility, Rosebud Medical Center, is restricted in its ability to receive tax payer support while the other facility enjoys significant tax payer support. This situation jeopardizes the viability of hospital, long term care and emergency services for Rosebud County as a whole.

The recommended revision would not change the number of mills levied by the Colstrip Hospital District. They would continue to receive the financial support that tax payers of that district have voted to provide. The change would allow the Rosebud County Commissioners to levy a tax on all tax payers within Rosebud County, including those living within the boundaries of the Colstrip district and the funding would be used to support the continued operation of the hospital, long term care and emergency services the residents of the entire County rely upon.

I encourage your strong support of this legislation to preserve access to local health care services in rural communities throughout Montana while at the same time protecting current funding sources for existing Hospital Districts.

I am available to discuss this matter further and can be reached at 406-859-3271.

Best Regards

Amy Edwards Webb
Administrator
Granite County Hospital District

James K. & Lavina G. Hall
P.O. Box 999
Forsyth MT 59327-0999

Ryan Tooke CEO
Rosebud County Health Care Center
P.O. Box 283
Forsyth MT 59327-0283

February 7 2011

Dear Ryan:

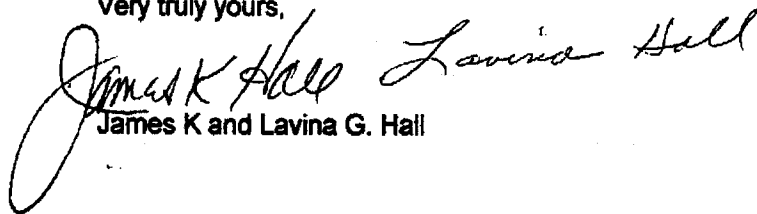
As you know, our mother/mother in law, Hazel L. Tait was a resident of the extended care unit of your facility for three years prior to her death in November of 2010. We can't say enough about the excellent care given her during her stay. We spent a lot of time there and could see first hand the loving care given all the residents.


I have heard that the medicade program is causing some problems with the funding of the extended care portion of your facility and hope and pray that there would be no cause to close it down. Our community needs this service and would hope that if there was need to seek additional funding to make it viable that our legislators would see fit to close that gap.

I realize that you and the Rosebud Healthcare Center Board of Directors are doing your best to accomplish this but can only do so much with the funds available to you. Cutting personnel in the medical field shouldn't be an option if you are to continue to provide the standard of service that is now in place.

I hope that you can carry the message for us to the right places and people to alleviate this shortfall in funding.

Very truly yours,


James K and Lavina G. Hall

P.S. I guess what I'm really trying to say is
I hope it's still here when I and my wife
get ready for it -


Effect on taxes at 3 and 14 Mills		
Residential	3 Mills	14 Mills
Home Value	Difference	Difference
\$ 100,000.00	\$ 5.96	\$ 27.81
\$ 90,000.00	\$ 5.36	\$ 25.03
\$ 85,000.00	\$ 5.07	\$ 23.64
\$ 80,000.00	\$ 4.77	\$ 22.25
\$ 75,000.00	\$ 4.47	\$ 20.86
\$ 70,000.00	\$ 4.17	\$ 19.47
\$ 65,000.00	\$ 3.87	\$ 18.08
\$ 60,000.00	\$ 3.58	\$ 16.69
\$ 55,000.00	\$ 3.28	\$ 15.30
\$ 50,000.00	\$ 2.98	\$ 13.91
\$ 45,000.00	\$ 2.68	\$ 12.52
\$ 40,000.00	\$ 2.38	\$ 11.12
\$ 35,000.00	\$ 2.09	\$ 9.73
\$ 30,000.00	\$ 1.79	\$ 8.34
\$ 25,000.00	\$ 1.49	\$ 6.95
\$ 20,000.00	\$ 1.19	\$ 5.56
Commercial Property	3 Mills	14 Mills
Property Value	Difference	Difference
\$ 100,000.00	\$ 7.68	\$ 35.82
\$ 90,000.00	\$ 6.91	\$ 32.24
\$ 85,000.00	\$ 6.52	\$ 30.45
\$ 80,000.00	\$ 6.14	\$ 28.66
\$ 75,000.00	\$ 5.76	\$ 26.86
\$ 70,000.00	\$ 5.37	\$ 25.07
\$ 65,000.00	\$ 4.99	\$ 23.28
\$ 60,000.00	\$ 4.61	\$ 21.49
\$ 55,000.00	\$ 4.22	\$ 19.70
\$ 50,000.00	\$ 3.84	\$ 17.91
\$ 45,000.00	\$ 3.45	\$ 16.12
\$ 40,000.00	\$ 3.07	\$ 14.33
\$ 35,000.00	\$ 2.69	\$ 12.54
\$ 30,000.00	\$ 2.30	\$ 10.75
\$ 25,000.00	\$ 1.92	\$ 8.95
\$ 20,000.00	\$ 1.54	\$ 7.16
Agriculture Property	3 Mills	14 Mills
Property Value	Difference	Difference
\$ 2,500,000.00	\$ 225.75	\$ 1,053.50
\$ 2,000,000.00	\$ 180.60	\$ 842.80
\$ 1,750,000.00	\$ 158.03	\$ 737.45
\$ 1,500,000.00	\$ 135.45	\$ 632.10
\$ 1,250,000.00	\$ 112.88	\$ 526.75
\$ 1,000,000.00	\$ 90.30	\$ 421.40
\$ 750,000.00	\$ 67.73	\$ 316.05
\$ 500,000.00	\$ 45.15	\$ 210.70
\$ 250,000.00	\$ 22.57	\$ 105.35
\$ 100,000.00	\$ 9.03	\$ 42.14
\$ 50,000.00	\$ 4.51	\$ 21.07